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The Abolition of The Off-Line Offices

By CHARLTON A. SWOPE

Secretary of The Traffic Club of New York

OFF-LINE offices of railroad corporations are, or were, commercial offices located distant, short or long, from the terminal rails of the parent company. They were seldom known, technically, as off-line offices until the idea of closing them arbitrarily appeared. They were known as commercial offices and any change in name does not necessarily change their character except to describe their location.

Commercial offices were the result of the progressive development of the transportation systems and were as much a necessity as any other division of operation, except that they could be abandoned without actual paralysis and the result was comparative instead of exact determination.

To be somewhat more explicit, when the President, by proclamation, under the act of Congress, seized the railroads, and established a bureau for their operation under the jurisdiction of the Director General of Railroads, many problems were confronted, and a staff of railroad managers was established, divided into the old well marked divisions of operation, accounting, traffic, etc. The Division of Traffic, soon after its establishment, upon very short notice, decreed that all commercial off-line offices should be closed; that the furniture should be sold, given away or returned to the home offices; that the leases for the offices should be surrendered, or in the event of failure in this direction that the offices should be sub-let where possible. The employes were to be taken care of, as far as practicable, by removal to positions on the line of road. There is no doubt that it was the intention of the Railroad Administration to be fair and to impose no undue hardship upon the parent company, the employe or the public. If it is now to be considered a mistake, the difficulty lies in the admission of it, and owing to the complications which have resulted from government operation nothing in this particular matter is likely to be done until the return of the roads to their owners.

The war necessity covered a lot of arbitrary actions and while admitting that the main object was to win the war regardless, the question in hand must be treated from a posterior position if it is to be the subject of any discussion at all. The question of whether there was any necessity of seizing the railroads for government operation must be eliminated. Congress decided there was a possibility of the necessity, and the President decided there was the necessity. The adherents of good government must be content and argument ceases. Truly we have had too many examples of opposition to organized government to argue against the wisdom of the decision of the majority. However, the law of infallibility does not apply, and the Director General of Railroads, I assume, does not make any claim for such infallibility.

Transportation companies have a commodity to sell—transportation. The sale of a commodity requires salesmen. The agents located in the off-line offices were salesmen, offering to the public the transportation manufactured by their employers. It is very easy to see that when the conclusion was reached that competition was destroyed that there was no longer a necessity for salesmen and they were abolished. The fatal mistake was that there was a failure to recognize that the off-line offices were of as much, if not more, importance to the public than to their employers. This is easily proven to those familiar with all the facts and conditions. Why it was not apparent to the Railroad Administration is not quite understandable. The Director General of Railroads half-heartedly admitted as much, as will be shown later.

In all lines of business there is competition. In the transportation business there was, for years, excessive competition. There was competition in the quantity of the rate, but that was wisely eliminated by law many years since. There was competition of service, of as much importance as the competition of rate, especially under war conditions, and it was in this respect that the off-line office was of such importance to the public. One must have had the experience to appreciate what it meant to close up thousands of offices which were fixtures and the outgrowth of years, to understand the vital effects attending such action.

The argument for the abolition of these offices is sound if you

have no regard for the convenience of the public, but no transportation company can operate successfully without the success of its patrons. I ask those responsible for this action to inquire of any patron of a railroad. They accepted the hardship, not willingly, but because of lack of a method of appeal. The gain was a modicum of economy which cannot be proven. Offices were for long periods vacant with rent chargeable to railroad operation, and some of them have never been rented.

Under the head of off-line offices was included both freight and passenger representation. Owing to the difference in the nature of the service performed the passenger and freight representation of the off-line offices was separate and distinct, each department having its own representative, independent of each other, and in many cases, especially in the larger cities, the locations of the offices were in different places.

In the case of the closing of the off-line passenger offices, the necessities were fairly met by the opening of one or several consolidated ticket offices. These consolidated ticket offices represented primarily the initial lines, and were an economy reasonably justified by the conditions. Upon the whole the plan has worked well, and probably may be continued under any adjustment of future railroad operation. The foreign line, under this plan, is only nominally represented, but it can with justice be argued that the elimination of competition eliminated the necessity for the passenger organization, especially when, in trunk line territory for instance, it has been a fact for years that off-line offices were not in a position to sell direct to their patrons anything but local tickets over their own lines (except as they secured through tickets, as ordered, from the initial line) and that the total sales of tickets did not in some cases pay for the expenses of the organization.

I hope it may not be considered that the writer is taking any narrow view of the problem in this treatment of the passenger feature of the closing of the off-line offices. I do not think the facts are easily controverted, and at the same time I know it is the opinion of well informed railroad people that the condition as to passenger representation had a great deal to do with the final decision of the Railroad Administration in its arbitrary action in respect to the closing of off-line offices. On the other

hand, I think it can be clearly shown that the closing of freight department offices was a mistake from almost any point of view, and that such closing has had as much to do as any other one thing in the well pronounced aversion of the public to a continuation of the governmental operation of the railroads.

Primarily these offices were established for competition and it is true from the standpoint alone of the railroad corporations they were continued and maintained for this reason. Therefore from this point of view their abandonment was not of great importance. But they had grown to be of great value and importance to the public, and as it is well known that little consideration was given to the public in the operation of the railroads during the war period, it would seem that upon more deliberate consideration this very important adjunct of operation could have been left undisturbed and that the small economy effected was not justified by the results.

In the "Declaration of Policy" issued by the former Director General of Railroads, W. G. McAdoo, June 17th, 1918, appears the following:

The policy of the United States Railroad Administration has been formed and shaped by a desire to accomplish the following purposes which are named in what I conceive to be the order of their importance:

First. The winning of the war, which includes the prompt movement of the men and material that the Government requires. To this everything else must be subordinated.

Second. The service of the public, which is the purpose for which the railroads were built and given the privileges accorded them. This implies the maintenance and improvement of the railroad properties so that adequate transportation facilities will be provided at the lowest cost, the object of the Government being to furnish service rather than to make money.

Now let us see how well the Railroad Administration carried out this declaration of policy.

The Traffic Club of New York, soon after the declaration of the intention to close the off-line offices, appointed a committee, consisting of some of its most prominent and influential members, to protest to the Railroad Administration against such closing. This committee consisted of the following members of The Traffic Club:

J. C. Lincoln, Manager, The Traffic Bureau, The Merchants Association of New York

C. J. Austin, Traffic Manager, New York Produce Exchange

R. S. French, General Manager and Secretary, National League of Commission Merchants

E. J. Tarof, Traffic Manager, The Brunswick-Balke-Collender Co., Chairman of the Transportation Committee of the New York Board of Trade and Transportation

P. M. Ripley, Traffic Manager, American Sugar Refining Co.

T. T. Harkrader, Traffic Manager, The American Tobacco Co.

Allan Wallace, Traffic Manager, The H. W. Johns-Manville Co.

This committee protested to the Railroad Administration against the closing of the off-line offices, and receiving no encouragement, it formulated suggestions and recommendations for the establishment in New York City of four Central Bureaus in order that the shipping public be fully advised of the necessary information regarding general movement and freight rates covering off-line shipments. The Central Bureaus recommended by this Committee were as follows:

No. 1. The establishment of a Central Freight Tariff Bureau

No. 2. The establishment of a Central Bureau for the issuance of Trans-Pacific Export Bills of Lading.

No. 3. The establishment of a Central Bureau to furnish passing records.

No. 4. The establishment of a Central Bureau for the issuance of Embargo Notices and Embargo Information.

These recommendations were made in May, 1918, to the Railroad Administration through its Director of the Division of Traffic. They were received favorably at first, but after long negotiation nothing whatever was done except that almost a year later a Bureau was established for the issuance of Trans-Pacific Export Bills of Lading. No explanation has ever been given by the Railroad Administration as to why some arrangement was not made to take care of the public necessities so ruthlessly ignored.

In the "Statement of Hon. W. G. McAdoo, Director General of Railroads, before the Interstate Commerce Committee of the United States Senate," issued January 3rd, 1919, appears the following:

PUBLIC SERVICE FREIGHT BUREAUS

Under private control of railroads, and for competitive reasons, practically

all railroads maintain so-called off-line agencies, the original function of which was solicitation of traffic. These off-line agencies were abandoned by the Railroad Administration for the reason that the competitive causes which gave rise to their establishment no longer existed. *It was found, however, that in some measure these agencies had performed real service to the public, and therefore the establishment of public-service freight bureaus has been begun with a force trained to handle for shippers matters which were formerly handled by the off-line agencies.*

I submit that it must have been embarrassing to the Railroad Administration to have to admit, after seven or eight months, a fact which should have been within the knowledge of the experienced traffic men who were responsible for the order at the time it was given, and especially when it is well known that the closing of the offices was protested by commercial bodies and individual shippers all over the United States. It will be noted particularly that the Director General states that the establishment of public-service freight bureaus has begun (after almost a year of neglect) and then is to be added the indisputable fact that such public-service freight bureaus have never to this day been established. It is true that a shadow of an attempt was made to do so by establishing a representative at the information desk located in the consolidated ticket offices to answer inquiries as to freight transportation, but this so little met the requirements that it was farcical. In addition, in Eastern territory, the trunk line general offices were "ordered" to provide themselves with tariffs and information to serve the public as to certain designated lines. This was no less farcical than the other plan, and it cannot be successfully denied that it proved to be so. These initial lines were already overburdened, with the impossibility, on account of the draft, of getting competent help. It was a failure also because freight rate information can be supplied only by those familiar with the tariffs they are hand'ing, and such skill can only be acquired by years of training. Other information, such as suitable locations for plants, tunnel and bridge clearances, terminal facilities and train schedules can be supplied only by those who have made a special study of the parent line. Car passing reports, one of the greatest advances in modern transportation, were absolutely abandoned, leaving the helpless shipper to the mercy of kind Providence as to the arrival or ultimate disposition of his property. The quagmire of embargo notices was impenetrable.

No blacker spot appears on the government operation of the railroads than this unjustifiable action, for the saving of a small fraction of one per cent of the cost of operation, and for this destruction of the vital necessities to the conduct of legitimate business. I am confident that the use of this strong language will be approved by many if not all shippers, and the only reason for submission was the war necessity and the well known futility of continued protest.

There can be no discussion of the treatment of labor in this article, but it would seem to be a travesty upon justice that organized labor should be so well taken care of while so little thought was given to men who had spent their lives in the service of the railroads and who were equipped by experience and knowledge to give the public the service it so insistently demanded and needed. In some cases such employees, sixty years of age and over, and of thirty years and more of continuous service, were abandoned to drift from pillar to post seeking any employment which would save them and their families from actual want and starvation. Men who were almost entitled to retirement were thrown out in their old age and forced to attempt to begin life over again. Truly there was no necessity of winning the war which compelled any such hardships or warranted any such mistake of judgment on the part of men entrusted with government operation of the railroads. To the credit of the managers of the railroads they attempted to do what they could to temper the hardships, but the task was difficult and in many instances did not succeed. The policy was not generally carried out in the case of the aged employees who had a right to expect that they would have consideration for the many years of faithful service.

The attempt to show that government operation and ownership was the panacea for all ills has met the fate it deserves. The only class that now wants it or will tolerate it is the class which has received the only profits from it.